



## BUDGET BRIEFS

# **BUDGET HEARINGS:**

## **Week 5**

### **SUMMARY OF SENATE BUDGET AND FISCAL REVIEW (SBFR) HEARINGS:**

✍️ **FULL COMMITTEE, APRIL 2**

✍️ **SUB 1 (EDUCATION) MARCH 29**

✍️ **SUB 3 (HUMAN SERVICES, VETERANS' AFFAIRS & LABOR) MARCH 29**

✍️ **SUB 3 (HEALTH) APRIL 2**

✍️ **SUB 4 (STATE ADMINISTRATION) APRIL 2**

### **FULL COMMITTEE, APRIL 2**

**MIKE GENEST, STAFF DIRECTOR**

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The vacancy hearing was canceled and postponed. It has yet to be rescheduled.

### **SUB 1 (EDUCATION) MARCH 29**

**ROGER MACKENSEN, CONSULTANT**

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✍️ **High School Exit Exam.** The subcommittee voted 3-0 to reduce budget year funding from a proposed \$61 million by \$33.7 million. This reduction assumes two test administrations in 2001-2002 rather than four, which had been proposed by the Administration. Under this new scenario, a student would still have a total of nine opportunities to take and pass the Exit Exam between 9th and 12th grades.

✍️ **Standardized Testing and Reporting (STAR) Program.** The subcommittee approved as budgeted (3-0) \$64.7 million for the statewide assessment (also known as the STAR test or the SAT 9). This is the testing program that tests all pupils in grades 2-11 and upon which the Academic Performance Index (API) rankings are made. The API, in turn, determines which schools receive rewards or are "invited" to participate in the accountability program. The STAR program sunsets January 1, 2002; AB 65 (Strom-Martin) and SB 233 (Alpert) propose to reauthorize the program.

✍️ **Public School Accountability Act (SB 1x/1999).** The Governor's Budget proposes \$464 million to fund assistance for underperforming schools (\$114 million) and to provide rewards for high performing or improving schools (\$350 million). SB 1x provided for Governor's Performance Awards of "up to" \$150 per pupil at high performing or improving schools for use at the school site. Because so many schools

qualified in the current year, the budgeted amount allowed for rewards of only \$63 per student. The Budget proposes fully funding the Governor's Performance Awards at \$150 per student. The other half of SB 1x -- the accountability program -- sets up a process for underperforming schools to apply for funding, receive a \$50,000 grant to set up an improvement plan, then receive "up to" \$200 per student for two years to implement the plan. If after two years (extendable to three) the school does not improve, the state can order major interventions. In the current year, however, these implementation grants are funded at only \$168 per student. Moreover, the Governor's Budget proposes to reduce this to \$148 per student. In short, the Governor's Budget places a higher priority on providing rewards to achieving schools than assistance to underperforming schools. The subcommittee, therefore, voted 3-0 to:

- 1) Reduce funding for the Governor's Performance Awards by \$144.5 million (which would maintain the \$63 per student reward level).
- 2) Redirect \$32 million of the awards funding to the underperforming schools program (to provide \$200 per student).
- 3) Checklist \$112.5 million of ongoing Proposition 98 funds (i.e., set this aside for legislative priorities).

✍✍**Certificated Staff Performance (CSP) Awards.** The Governor's Budget proposes \$100 million for CSP awards. These awards of between \$5,000 and \$25,000 go to certificated staff (i.e., teachers, principals, counselors, etc.) at high performing schools. The subcommittee voted 3-0 to revert \$50 million in current year funds that will not be needed in the budget year. This action frees-up \$50 million in one-time Proposition 98 funds.

✍✍**9th Grade Class Size Reduction.** The Governor's Budget proposes \$175 million to continue funding for class size reduction (CSR) in two courses in grade 9. The subcommittee voted 3-0 to permit school districts to use unexpended 9th grade CSR funding for facilities in their first year with the requirement the CSR funds be used for operational purposes in subsequent years. This is consistent with the K-3 CSR program.

### **SUB 3 (HUMAN SERVICES, VETERANS' AFFAIRS & LABOR) MARCH 29**

**THERESE TRAN, CONSULTANT**

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✍✍**Vacancies.** In response to Senator Haynes' questions, departments admitted to playing the shell game and rotating employees in and out of positions in order to avoid position abolishment. Departments further admitted to spending the funds budgeted for positions for other purposes. Some departments were able to identify where those funds were spent, others were not. The subcommittee did not consider Senator Haynes' motion to abolish vacant positions and recapture the associated funding.

✍✍**State building renovations to provide access for persons with disabilities.** The subcommittee, on a 3-0 vote, deleted \$20 million General Fund and \$40 million in other funds from the Governor's budget and placed the entire \$60 million on suspense to potentially fund other subcommittee priorities. These funds were appropriated for two years, beginning in fiscal year 2000-01, to provide disabled access to state buildings. At this time, none of the funds have been encumbered and it appears unlikely that funding guidelines will be developed in time for distribution of the funds in 2001-02.

- Rate increases and wage pass-throughs for providing job assistance services to persons with developmental disabilities.*** The subcommittee placed \$15 million on suspense for rate increases and wage pass-throughs for persons providing job assistance services to persons with disabilities. These services include supervising an individual or group of individuals with developmental disabilities and assisting them with their assigned tasks. The current year budget includes a \$5.5 million augmentation for this group of service providers. Vote: 3-0
- Assistive technology funding.*** Placed on suspense \$3.5 million to increase information and referral services for persons with disabilities in need of an assistive technology (i.e., glasses, hearing aids, voice-activated computers, etc.) to improve their quality of life and/or independence. Vote: 3-0
- Cash assistance and foodstamps for legal immigrants.*** As part of the federal welfare reform, Congress eliminated cash assistance for elderly, blind and disabled legal immigrants and foodstamps for low-income legal immigrants, who entered the country after August 1996. The rationale is that sponsors should be held to their promise to provide for their sponsorees. In 1998, California passed legislation to restore assistance to these legal immigrants. This legislation would have sunsetted in September 2000, but was extended for one year as a budget compromise. The subcommittee is exploring options in another attempt to make this program permanent. As it stands, the Governor's budget provides funding only through September 30, 2001. Continuation of this program would cost the General Fund at least \$70 million annually and increasing thereafter. Vote: 2-0
- Foodstamps eligibility expansion.*** The subcommittee placed on suspense a proposal to expand foodstamps eligibility by allowing recipients to exempt one vehicle from the asset test and potentially exempt other vehicles if they are used for employment, education, or training. Since foodstamps eligibility criteria is used for determining eligibility for other assistance programs, this expansion would allow more people to receive other types of government assistance would have potentially substantial costs to the State. Vote: 2-1
- Veterans' fees for nursing care.*** Existing law requires members of veterans' homes to contribute to their cost of care, specifically the lesser of 55 percent of their annual income or \$1,200 per month. Senate Bill 597 (Chesbro) would decrease the amount of member contribution to 40 percent. The estimated cost to backfill this revenue loss is \$2.3 million annually and rising thereafter. The subcommittee augmented the budget by \$1.15 million and placed on suspense another \$1.15 million to fund the estimated revenue loss. Vote: 2-1
- Labor law enforcement.*** The subcommittee placed on suspense \$25 million for 115 positions to increase enforcement of labor laws. Vote: 2-1
- Reduction of fees and assessments on businesses.*** Existing law allows the Department of Industrial Relations to charge fees to cover the cost of various inspection and consultation services to businesses in California. These fees are deposited in special funds and are used to cover the cost of providing services. Over the years, some of these funds have been accumulating more fees than necessary for program support. In response to Senator Haynes' proposal to reduce these fees, the department responded that they anticipate workload increases in these programs due to pending legislation, and will need to retain the fees at the current level in order to hire more employees.

**SUB 3 (HEALTH) APRIL 2**  
**SHARON BISHOP, CONSULTANT**

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The Subcommittee took the following actions for the Department of Developmental Services:

~~✓~~~~✓~~***Appeased Advocates by Placing Over \$150 Million on Suspense.*** This funding would be used to support:

1. Rate increases (15 percent for wages and 10 percent for administration) for Day Programs, Infant Development, In-Home Respite, and Supported Living Services;
2. a rate increase of 5 percent for Community Care Facilities; and
3. a salary adjustment of 10 percent for Regional Center employees.

~~✓~~~~✓~~***Approved New Permanent Positions Without Considering the Vacancy Issue.***

~~✓~~~~✓~~***Continued a Micro-Management Style.*** Added many more reporting requirements with trailer bill language and publicly chastised the Department for not submitting required reports on time.

~~✓~~~~✓~~***A Member's Request?*** Extended the Self Determination Projects for another two years and added trailer bill language to reappropriate funds (Chesbro's SB 227).

~~✓~~~~✓~~***Flexed a Little Legislative Muscle – Entitlements, Entitlements.*** Rejected the Governor's proposal to eliminate the sunset on Regional Center expenditure plans. Without this provision, Regional Centers will not be required to live within their appropriation in times of fiscal crisis.

**SUB 4 (STATE ADMINISTRATION) APRIL 2**  
**TOM SHEEHY, CONSULTANT**

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The Subcommittee took up the following three budgets:

~~✓~~~~✓~~***Fair Employment and Housing (DFEH)***

~~✓~~~~✓~~***Teale Data Center***

~~✓~~~~✓~~***Department of General Services (DGS)***

The DFEH and Teale budgets were approved as budgeted. The DGS budget had some supplemental reporting language adopted, which dealt with position reporting in the Governor's Budget. In addition, the statewide rental rates for state owned buildings were adjusted to reflect the Subcommittee's technical action to take the Ronald Reagan building out of the calculation. Other issues were held open including surplus property /asset management, deferred maintenance and the California Home Page financing issue.

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| For further information, please contact the Senate Republican Fiscal Office, at (916) 323-9221. |
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